

**RTO West
Filing Utilities Meeting
6/28/00
Portland, OR**

Attendees: (For all or a part of the meeting):

Bill Pascoe, Montana Power Company	Ted Williams, Montana Power Company
Ray Brush, Montana Power Company	Mark Maher, Bonneville
Peggy Olds, Bonneville	Melanie Jackson, Bonneville
Lauren Nichols, Bonneville	Frank Afranji, Portland General Electric
Kimberly Harris, Puget Sound Energy	Jim Collingwood, Idaho Power
Randy Cloward, Avista	Richard Goddard, Portland General Electric
Don Furman, PacifiCorp	Marcus Wood, PacifiCorp
John Boucher, KEMA	Bud Krogh, Krogh & Leonard
Kristi Wallis, Neutral Notetaker	

Agenda

How Is the Process Going -- Is the Work Getting Done, Are We Going to Make Our Deadlines?

Discussion

Bud Krogh started the discussion by asking how the work product from the different work groups is going to be integrated. So far, KEMA has been responsible for this task, and Bud asked whether that is sufficient or are more people needed?

Bill Pascoe noted that to date, the Filing Utilities and the RRG have given direction to KEMA, and KEMA has facilitated the work group efforts and the members of the work group have been doing a lot of the actual work. Bill asked whether this is sufficient and whether there will be work product when it is needed.

A final question was asked whether the work groups were being successful.

John Boucher described the efforts of the work groups individually. He noted that there are eight work groups and, for those issues that involved multiple work groups, there were either joint work group meetings or joint teams making recommendations to the work groups.

The goal of the work groups is to develop bullet-based recommendations for RRG consideration by the end of July. The work groups will then draft white papers containing

the decisions of the RRG relating to their subject area in August. These white papers will not only be of value to the RRG, but will provide input for the filing.

Pricing Work Group. John Boucher stated he was most concerned about the Pricing Work Group's ability to meet the July 31st deadline, given the number and significance of the issues they had to resolve. The Pricing Work Group has not seen any convergence, and not all of the data deadlines have been met, but John thought that the decision of the RRG earlier in the day to take area pricing for existing facilities off the table and to focus on company rates would help the group move forward.

The Pricing Work Group meets tomorrow, and their first task will be to develop a plan to go forward from this point, including deciding whether the RRG's decision modifies modeling and other analytical needs. The second task will be to determine what are the other issues that need to be addressed.

The group discussed how best to help the Pricing Work Group make progress from this point. There was a difference of opinion as to whether the new approach would reduce the amount of data that was being gathered by Pricing Work Group representatives, and John Boucher summarized that the bottom line was to keep the pressure on parties to turn their data in and for now it could not be assumed that any of the data collection efforts were cancelled. It was proposed that the Filing Utilities get their pricing representatives together to identify issues and develop a work plan that they then could submit to the Pricing Work Group for consideration (some will meet next week). After further discussion, the group agreed that it made sense for Dave Hackett, the Pricing Work Group leader, to task all members of the Pricing Work Group (either collectively or individually) to develop and submit issues lists and proposed work plans to Dave so that he could prepare a strawdog that would be used to help the work group develop a work plan to get through all of the issues by the end of July.

Congestion Management Work Group. John Boucher reported on the Congestion Management Work Group. Mark Maher stated that he had heard that the Congestion Management Work Group was making great progress, although Don Furman was concerned that the report to the RRG had overstated the progress that had been made.

John Boucher reported that the work group was converging on flow gates, but that the group still had a number of other significant issues to resolve such as the treatment of existing contracts.

Ancillary Services Work Group. John Boucher reported that the Ancillary Services Work Group had met jointly with Congestion Management. Jim Collingwood commented that the work group needs to more fully develop the issue of which entities could act as a balancing authority. Peggy Olds stated that it would also be necessary to prepare a scheduling coordinator agreement, and John Boucher indicated that he would be providing additional information to people so that they could understand the role of a scheduling coordinator. John also indicated that the work group would need to get clear

definitions in place. The only thing John is somewhat concerned about is the load tracking concept, and that if different entities are tracking load there will be a regulation issue although he thinks that the work group is working on a viable alternative. John was confident that the Ancillary Services Work Group would have bulleted recommendations by the end of July.

Adjunct Committee. Bud Krogh reported that the Adjunct Committee was making good progress and hoped to have a proposal/diagram to the Filing Utilities on 7/12 which could then be presented to the RRG.

John Boucher stated that in the Ancillary Services/Congestion Management joint meetings, a model called the “BC Hydro model” has been presented and discussed and he asked that the Filing Utilities make sure that the Adjunct Committee be made aware (if they are not already) of what was being promoted.

Seams Work Group. With respect to the Seams Work Group, the group agreed that what was needed by October 15th was a final process and some way of policing to make sure that decisions are being addressed in a timely fashion and with the right results for the Northwest, not necessarily final resolution to seams issues. The group noted the importance of having certain RTO components (flow-based physical rights, congestion management scheduling timelines, etc.) fit with the California ISO structures, although they also noted that fitting together RTO West and the CA ISO was a matter for negotiation. Although it was noted that the details of RTO West aren’t that far along yet, Frank Afranji stated that he has not yet seen anything that does not fit with the other ISOs/RTOs.

The group discussed the possibility of WMIC leading the process, although it was recognized that WMIC deals with four RTOs/ISOs, each one with different issues and a different timeframe. Frank Afranji noted that there was not currently a process between RTO West and WMIC to meet and solve issues. Frank will talk to WMIC about gearing up their process to get started on some of the seams issues.

In addition, some of the Filing Utility representations will go to meet with the CA ISO (Terry Winter, Kellan Fluckiger, and Ziad Alaywan) during the third or fourth week of July, to address specifics issues and interests (delegation will include Peggy Olds, Frank Afranji, someone from PacifiCorp).

There was a brief discussion of seams pricing issues and it was recognized that it was unlikely that reciprocity would be negotiated before October 15th. It was suggested (and agreed) that RTO West initially establish an export charge and then negotiate from that position.

Market Monitoring, Legal, and Planning Work Groups. John Boucher reported that each of these work groups were in good shape.

Implementation Work Group. John Boucher reported that the main concern of the Implementation Work Group was their ability to prepare a budget in a timely fashion because they have to wait for input from other groups, but the group still thinks it will be possible to meet the July 31 timeline. A question has also arisen about what will be required in the filing – just a budget or anything else?

Peggy Olds commented that if the Implementation Work Group was not looking at all of the financial arrangements for start up, that it might be appropriate at this time to create a Financial Work Group. This possibility has been talked about at a RRG meeting, and it is important that the Filing Utilities discuss these matters internally (creditworthiness/how to pay for start-up?) Peggy volunteered to prepare a list of issues and to come back to this group and have them prioritize the list. Idaho, PGE, Avista, BPA volunteered to staff the work group, and BPA will take the lead. Parties are asked to send Peggy an e-mail with the name of a contact person, as well as their thoughts on the issue list and the ultimate work product of the group. Peggy will be prepared to give a status report at the next Filing Utilities meeting.

Legal Work Group. Marcus Wood mentioned some feedback from the Legal Work Group. The question has been raised about what is necessary for the filing with FERC. Steve Larson and Marcus is putting together a list of documents. It was noted that while the cost/benefit work is important (parties will need it to decide whether to support the filing), Marcus does not believe it will be a part of the filing.

Bud Krogh came back to the issue of whose responsibility it is to pull together all of the work group products and prepare the filing documents. Initially, the responsibility to integrate all of the recommendations/decisions is the KEMA management team and the Legal Work Group, but after September 1 (when the collaborative process participants put their pens down), the Filing Utilities will put together the filing. The draft filing will be posted for comment, but it is the Filing Utilities' responsibility to get the filing completed.

John Boucher stated that there is a need for everyone to understand the transition between the collaborative process and the filing preparation, and what the work product of each work group should be. Marcus Wood replied that at the end of August either there would be consensus products or unresolved issues. The unresolved issues would be addressed by the Filing Utilities. Marcus listed the products that would come out of the legal or other work groups (e.g., Articles, Bylaws, a variety of agreements, the tariff, white papers (for example, the pricing white paper will list the various options and choices considered by the Pricing Work Group and identify why the pricing structure was selected.)

It was noted that when the RRG responded to the work group recommendations, it would be helpful if it could also provide guidance to each work group as to what would be the most useful written work product (whether it would be a white paper or in some other format that could provide an easier transition to the filing materials).

Miscellaneous

KEMA Contract. John Boucher was asked to check with KEMA headquarters to see whether the contract had been signed.

Study Ban Language. Peggy Olds reported that the latest version of the study ban language (which follows in the text) was still tied up in committee:

Notwithstanding any other law, and without fiscal year limitation, each Federal Power Marketing Administration is authorized to engage in activities and solicit, undertake and review studies and proposals relating to the formation and operation of a regional transmission organization.

Tribal Consultations. Peggy Olds also reported on BPA's obligation to engage in government to government consultations with the Tribes. BPA will take a two-tiered approach with tribes, and plans to have 4 technical briefings (Boise, Spokane, Seattle, and Portland), where the Tribes would be brought up to date on what BPA is doing and would have the opportunity to ask for more information. Peggy invited other Filing Utilities to participate – Randy Cloward will be at the Spokane briefing, Don Furman will participate in Portland.

Peggy Olds also noted how helpful it has been to have the Tribes represented at the RRG and have them interface with everyone at the table.

Large Public Meetings. The group discussed whether in light of the collaborative process is was still necessary to have “big tent” meetings, and it was concluded that it would be appropriate to have two of these meetings (Salt Lake and Portland) between 9/1 and 10/15. Melanie Jackson from BPA noted that the communication representatives of the Filing Utilities were meeting on July 19th and would talk about how to keep educating the region about the process.

Next Meeting. The next Filing Utilities Meeting will be on July 12th.